REPORT ON EXAMINATION

OF

METROPOLITAN TOWER
LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2006

I, Matthew Denn, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of DECEMBER 31, 2006 of the

METROPOLITAN TOWER LIFE INSURANCE COMPANY

is a true and correct copy of the document filed with this Department.

ATTEST BY: Antoinette Handy

DATE: 23 JUNE 2008

In Witness Whereof, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THIS DEPARTMENT AT THE CITY OF DOVER, THIS 23RD DAY OF JUNE 2008.

Matt Denn

Insurance Commissioner

REPORT ON EXAMINATION

OF THE

METROPOLITAN TOWER LIFE INSURANCE COMPANY

AS OF

December 31, 2006

The above captioned Report was completed by examiners of the Delaware Insurance Department.

Consideration has duly been given to the comments, conclusions, and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted, and filed as an official record of this Department.

MATTHEW DENN
INSURANCE COMMISSIONER

DATED this 23RD Day of JUNE 2008.

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May 9, 2008

SALUTATION

Honorable Alfred W. Gross
Chairman Financial Condition (E)
Committee, NAIC
State Corporation Commission
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Honorable Merle D. Scheiber
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Post Office Box 1269
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Honorable Matthew Denn, Commissioner
Delaware Department of Insurance
841 Silver Lake Boulevard
Dover, Delaware 19904

Commissioners:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority Number 07-005, dated October 23, 2006, an examination has been made of the affairs, financial condition and management of the

METROPOLITAN TOWER LIFE INSURANCE COMPANY

hereinafter referred to as “Company”, “MTL”, or “Met Tower”, incorporated under the laws of the State of Delaware as a stock company with its home office located at 111 Continental Drive, Suite 101, Newark, Delaware. The examination was conducted at the executive and administrative office of the Company, located at One MetLife Plaza, 27-10 Queens Plaza North, Long Island City, NY 11101.

The report of such examination is submitted herewith.

SCOPE OF EXAMINATION

The last examination of the Company was conducted as of December 31, 2003. This examination covered the period from January 1, 2004 through December 31, 2006, and consisted of a general survey of the Company's business practices and policies; management, any corporate matters thereto; a verification and evaluation of assets; and a determination of liabilities. Transactions subsequent to the latter date were reviewed where deemed necessary.

The report is presented on the exception basis. It is designed to set forth the facts with regard to any material adverse findings disclosed during the examination. The text will explain changes wherever made. If necessary, comments and recommendations have been made in those areas in need of correction or improvement. In such cases, these matters were thoroughly discussed with responsible personnel and/or Company officials during the course of the examination.

The general procedures of the examination followed rules established by the National Association of Insurance Commissioners' (NAIC) Committee on Financial Condition Examiners Handbook and generally accepted statutory insurance examination standards. In accordance with the aforementioned Handbook, the consulting firm of INS Services, Inc. performed an information systems review.

In addition to items hereinafter incorporated as a part of the written report, the following were reviewed and included in the files of this examination:

Corporate Records
Fidelity Bond and Other Corporate Insurance
Salary, Wage, and Employee Benefits
NAIC Financial Ratios
Legal Actions
All Asset and Liability items not mentioned

The 2006 examination was conducted by the Delaware Insurance Department in accordance with the Association Plan of Examination Guidelines established by the National Association of Insurance Commissioners. No other states participated in the examination.

In addition to the Company, a concurrent examination was performed on MetLife Investors USA Insurance Company (MLIUSA), also a Delaware domestic insurance company.

Workpapers prepared by the Company's external accounting firm, Deloitte & Touché (D&T) LLP, New York, New York, in connection with the annual audit, were reviewed and relied upon to the extent possible. INS Consultants, Inc. (INS) was retained by the Delaware Insurance Department to assist the Examiner-in-Charge in the actuarial phase of this examination.

HISTORY

The Company was incorporated on March 4, 1982, under the laws of the State of Delaware, and was licensed to transact business on October 7, 1982. The Company commenced its insurance operations on February 15, 1983, upon approval by the New York State Insurance Department, by assuming the outstanding life insurance business of an insolvent New York domiciled fraternal organization, the Labor Zionist Alliance. The Company's registered and home offices are located at 111 Continental Drive, Suite 101, Newark, Delaware. The main administrative office is located at 18210 Crane Nest Drive, Tampa, Florida.

The Company also has several subsidiaries, some of which were formed subsequent to the examination date. For more information, see the caption "Subsequent Events."

CAPITALIZATION

The Company is authorized to issue 1,000 shares of common capital stock having a par value of $2,000 per share, of which all shares were issued and outstanding, totaling $2,000,000. In addition $500,000 was transferred in 1999 from gross paid-in and contributed surplus to common stock for a total paid up capital of $2,500,000.

On October 1, 2003, MetLife, Inc., (MetLife) the parent company, purchased all of the outstanding shares that were previously owned by the former parent, Metropolitan Life Insurance Company (MLIC). As of December 31, 2006, all outstanding shares of the Company's capital stock remained owned by MetLife.

During the period covered by this examination, gross paid-in and contributed surplus decreased $764,084,532 from $1,079,755,432 in 2003 to $315,670,900 as of 2006. The decrease for the period is illustrated in the following schedule:

Ending Balance as of December 31, 2003	$1,079,755,432
2004: Surplus adjustment	(19,984,532)
2005: Capital contribution from MetLife	50,000,000
Dividends to stockholders	(794,100,000)
Ending Balance as of December 31, 2006	$ 315,670,900

The $19,984,532 surplus adjustment was in connection with the mergers of Metropolitan Insurance and Annuity Company (MIAC) and New England Pension and Annuity Company (NEPA).

Dividends to Stockholder

There were three dividends issued and paid to the stockholder of record during the examination period. The Company paid $2,300,000,000 in 2006; $927,000,000* in 2005; and $65,000,000 in 2004 in dividends to its parent, MetLife, Inc., as illustrated below.

	2006	2005	2004
Ordinary Dividend	$ 85,000,000	$ 54,000,000	$
Extraordinary Dividend	2,215,000,000	873,000,000	65,000,000
Total	$2,300,000,000	$927,000,000	$65,000,000

*Includes $132,900,000 paid in cash from earned surplus and $794,100,000 from gross paid in and contributed surplus.

The Delaware Department of Insurance was notified prior to payment of the dividends each of the three years; and the Company received written approval prior to payment of the dividends.

MANAGEMENT AND CONTROL

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, all corporate powers are exercised by or under the direction of the Board of Directors (Board). The bylaws, as amended and restated as of June 30, 2004, provide that the number of directors is established by the Board of Directors, to consist of not less than three directors (except for vacancies temporarily unfilled), with the authorized number determined by the Board by resolution adopted by a majority of the authorized number of directors immediately prior to any determination. Directors are elected annually and hold office until the next annual meeting of shareholders or until their successors have been elected and qualified. The number of directors constituting a quorum for the transaction of business is not less than one-third of the Board. A 2004 amendment to the bylaws decreased the required number of directors from six to three.

The annual meeting of the shareholder for the election of directors and for the transaction of other business is held either within or without the Company’s state of incorporation, on the date and at the time as may be fixed by resolution of the Board of Directors, and set forth in the notice or waiver of notice of the meeting. Special meetings of the shareholders may be called at any time by the President or by the Board of Directors.

The minutes of the meetings of the shareholders and Board of Directors, which were held during the period of examination were read and noted. Attendance at meetings, election of directors and officers, and approval of investment transactions were also noted without exception.

Members of the Board of Directors, duly elected in accordance with the Company's bylaws and serving as of December 31, 2006, were as follows:

Name	Principal Affiliation
Anthony James Williamson *	Senior Vice President and Treasurer MetLife Group, Inc.
Robert Rabun Merck	Vice President and Director MetLife Group, Inc.
Andrew Kaniuk	Vice President and Actuary MetLife Group, Inc.

* Anthony James Williamson resigned as Director on May 25, 2007. Eric Thomas Steigerwalt was elected President, Presiding Officer of the Board of Directors, and Treasurer as of May 25, 2007.

Committees

There are no standing committees of the Board. By unanimous written consent of the Board of Directors dated June 30, 2004, and consistent with the Company's amended and restated bylaws dated June 30, 2004, the Company dissolved its three-member Audit Committee. The activities formerly performed by the Audit Committee are now performed by the Company's Board of Directors.

Officers

The bylaws provide that the officers of the Company will be a President, one or more Vice-Presidents, a Secretary, a Treasurer, and other officers as deemed appropriate.

The principal elected officers of the Company serving as of December 31, 2006, were as follows:

Name	Title
Anthony James Williamson*	President, Presiding Officer of the Board, and Treasurer
William David Cammarata	Vice President and Senior Controller
Gwenn Louise Carr	Vice President and Secretary
Frans W. te Groen	Assistant Vice President and Appointed Actuary

* Anthony James Williamson resigned his position on May 25, 2007. Eric Thomas Steigerwalt was elected President, Presiding Officer of the Board of Directors, and Treasurer as of May 25, 2007.

HOLDING COMPANY SYSTEM

The Company is a wholly owned subsidiary of MetLife, Inc. (MetLife), a Delaware corporation, a provider of insurance and other financial services to a broad section of individual and institutional customers. MetLife is a publicly traded holding company listed on the New York Stock Exchange under the symbol "MET". As of December 31, 2006, MetLife reported assets of $528 billion, a 10% increase from 2005; and stockholder equity of $33.8 billion, a 16% increase from 2005.

MTL is domiciled in the state of Delaware and, although not actively selling products, is licensed to transact insurance business in, and is subject to regulation by, all 50 states and the District of Columbia. The Company's existing products include annuities, variable and universal life, and traditional life, including whole life and term insurance.

In the fourth quarter of 2006, MetLife Reinsurance Company of Charleston (MRC), a new captive reinsurance company was established as a subsidiary of the Company. The Company entered into an indemnity reinsurance agreement and interest and liabilities contract with MRC, effective October 1, 2006.

Also, see related comments under the caption "Subsequent Events" of the Report.

The abbreviated organizational chart below reflects affiliated entities with which the Company conducts significant business.

MetLife, Inc.
- **Metropolitan Tower Life Insurance Company, DE**
  - MetLife Reinsurance Company of Charleston
  - TH Tower NGP, LLC
    - Partners Tower, L.P. (1%)
  - Partners Tower, L.P. (99%)
  - TH Tower Leasing, LLC *(Jointly owned by MTL & Partners Tower, L.P.)*
- MetLife Insurance Company of Connecticut
  - MetLife Investors USA Insurance Company, DE
- MetLife Group, Inc.
- Metropolitan Life Insurance Company
  - New England Life Insurance Company
- COVA Corporation
  - Texas Life Insurance Company
- MetLife Reinsurance Company of South Carolina
- MetLife Investment Advisors Company, LLC

MANAGEMENT AND SERVICE AGREEMENTS

The Company participated in the following affiliated agreements as of the examination date:

Loan Participation Agreement

Under an agreement with MLIC, effective December 1, 2005, the Company can acquire participation interests in loans originated or acquired by MLIC, which may be secured by agricultural or commercial real and/or personal property. The amount of participation interest acquired by the Company in 2006 was $15 million.

License Agreement

Under an agreement with MetLife, effective May 4, 2005, the Company is party to a license agreement with MetLife in connection with the sale of property located at 200 Park Avenue, New York, New York. This agreement is pursuant to a certain Bargain and Sale Deed Without Covenant Against Grantor's Acts by and between the Company and 200 Park, L.P., a Delaware limited partnership relating to property identified as Lot 9010, Block 1280, Section 5 of the County of New York. The agreement provides for the Company to grant certain easements and other rights to continue to maintain a sign atop the 200 Park Avenue location. The Company licensed to MetLife the easements in consideration for specified payments. The amount payable to the Company under the agreement in 2006 was $2,100,000. MetLife agreed to make monthly payments in advance in the amount of $175,000 to the Company commencing July 1, 2005.

Services Agreement

Under an agreement with MetLife Group, Inc. (MLG), effective January 1, 2003, MLG makes available personnel, on an as needed basis, qualified to perform services including the following: legal, communications, human resources, broker-dealer, general management, controller, investment management, actuarial, treasury, benefits management, information systems and technology, claims, underwriting, and policyholder services.

Partnership Agreement – Intermediate Income Pool

Under an agreement effective June 1, 2002, the Company entered into a partnership with MLIC and other affiliated companies. The purpose of the partnership is to invest assets of the partners to achieve liquidity, security of principal, and a positive return by investing in debt and equity securities. The partnership has the power to purchase, sell, invest, trade in, and lend securities; purchase and sell options and other derivative instruments; and enter into derivative transactions, as to securities, allowed by the "Pool Law" of the various states and in accordance with various limits of said "Pool Law." Each partner's investment represents that Company's pro rata undivided ownership in each of the pooled securities.

Metropolitan Money Market Pool Partnership Agreement

Under an agreement effective September 30, 1999, the Company entered into the Metropolitan Money Market Pool (MMMP), which was formed as a New York general partnership consisting of certain affiliates of MLIC and managed by MLIC. The MMMP's exclusive purpose is to pool, invest, and reinvest the cash and other liquid assets of the participating general partners to achieve liquidity, safety of principal and commensurate investment yield by investing solely in investments which fall under the definition of short-term investments in the NAIC guidelines. The agreement has been amended and restated numerous times to include other affiliated parties. The book value of the Company's ownership interests in 2006 totaled $70.9 million, $74.5 million in 2005, and $6.0 million in 2004.

Consolidated Federal Income Tax Agreement

Under an agreement with MLIC effective January 1, 1985, the Company is a participant in a federal income tax agreement with MLIC and its affiliates. Under the agreement, federal income tax expense or benefits are allocated in the ratio that the Company's separate tax return liability or benefit bears to the sum of the separate return tax liabilities or benefits of the MLIC and its affiliates. Estimated payments are made between members during the year. The amounts allocated to MTL during the period under examination were reviewed and determined to be appropriate.

Agreements entered into during the period under review were filed with and approved by the Delaware Department of Insurance.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2006, the Company was licensed to transact the business of insurance in all 50 states and the District of Columbia. The Company is authorized as a stock insurer to transact the business of life insurance, including annuities, variable annuities, and credit health insurance as defined in 18 Del. C. § 902 and 18 Del. C. § 903.

Plan of Operation

The Company was originally established for the purpose of issuing life insurance products for which its then parent, MLIC, at that time a mutual company, was prohibited from marketing. Activities of the Company had been predominantly in the variable universal life insurance market. Since 1992, MLIC has been able to issue non-participating policies. In 1993 the Company voluntarily discontinued writing any new business. Hence, its existing business is in run-off, resulting in a significant decline in premium volume. On October 1, 2003, MetLife, Inc. purchased all of the outstanding shares of stock that were previously owned by the former parent, MLIC.

MIAC was merged into the Company on October 8, 2004. Also, on that same date, the Company purchased NEPA from New England Life Insurance Company, an affiliated entity, which was concurrently merged into the Company. Products include annuities, variable annuities, universal life, and traditional life, including whole life and term insurance. During the fourth quarter of 2006, MRC a new captive reinsurance company was established as a subsidiary of the Company.

GROWTH OF COMPANY

The following financial information was obtained from the Company's filed Annual Statements for the period under examination:

Year	Net Admitted Assets	Liabilities	Capital and Surplus	Premiums, Annuity Considerations, and Deposits	Net Income
2006	$7,261,999,014	$6,219,166,236	$1,042,832,778	$179,198,821	$2,786,763,367
2005	5,806,116,555	5,115,768,044	690,348,511	190,847,143	352,848,580
2004	6,537,902,128	5,342,721,621	1,195,180,507	203,294,357	143,972,596
2003	236,354,210	177,296,196	59,058,014	7,831,943	4,423,051

For the period under review, net admitted assets increased 2,973%, liabilities increased by 3,408%, and capital and surplus increased by 1,666%. The substantial increase in the aforementioned items is primarily due to the Company's statutory merger with MIAC and NEPA on October 8, 2004. The Company suspended new sales of variable life insurance products in 1993. This decreased life insurance policies in force, and the Company expects this trend to continue as it does not expect to issue new business in future years.

Total assets for the Company increased $1.46 billion from 2005 to 2006, which was broken down as a $1.45 billion increase in the General Account and a $5 million increase in the Separate Account. The General Account increase is primarily due to the cash, cash equivalents, and short-term investments increases related to the sale of the Peter Cooper Village and Stuyvesant Town real estate investment properties. Total liabilities increased $1.10 billion primarily due to the increase in income taxes related to the gain on sale of the same real estate investments.

At December 31, 2006, capital and surplus had increased $352 million from 2005. This increase was primarily due to the increased net income earned, driven by realized capital gains from the sale of the Peter Cooper Village and Stuyvesant Town real estate. Partially offsetting this gain was the payment of a $2.30 billion dividend to the parent. In 2005, capital and surplus decreased $505 million. This decrease was essentially due to the net effect of the following significant events:

- a $50 million capital contribution from the parent
- a $927 million dividend to the parent
- an $84 million change in the asset valuation reserve mainly from the sale of a large real estate property
- an increase in non-admitted assets of $59 million mainly related to the purchase of Citistreet
- net income earned of $352 million

Premiums and annuity considerations decreased $12.4 and $11.6 million during 2005 and 2006, respectively. This was partially due to decreased renewal premiums for the variable universal life product. Additionally, the Company operates as a closed block with no new sales.

The Company reported a net gain of $2.79 billion as of December 31, 2006, compared to a net gain of $353 million as of December 31, 2005. The increase was driven by the sale and related capital gains of the Peter Cooper Village and Stuyvesant Town real estate.

REINSURANCE

The following describes the Company's reinsurance program as of December 31, 2006.

Assumed

The Company did not assume any business during the current examination period.

Ceded

The Company reinsures its business through a diversified group of reinsurers. No single unaffiliated reinsurer has a material obligation to the Company, nor is the Company's ceded business substantially dependent upon any one reinsurer.

The Company retains up to $1,000,000 per individual life and reinsures amounts in excess of its retention to three affiliates and various non-affiliates. The total premium ceded of $121,747,838 was comprised of premiums ceded to affiliates and non-affiliates in the amounts of $36,066,251 and $85,681,587, respectively. Approximately 30% of the Company's ceded premium was ceded to affiliates of the Company. The Company's business was ceded under various yearly renewable term, automatic and facultative coinsurance, and indemnity quota share agreements. The total reserve credit taken for its ceded business was $821,320,186 at December 31, 2006.

The Company also ceded business to two unauthorized reinsurers, MRC and World Wide Reassurance Company, Ltd. (World Wide) as of December 31, 2006. In the fourth quarter of 2006, MRC, a new captive reinsurance company was established as a subsidiary of the Company. The Company entered into an indemnity reinsurance agreement and interest and liabilities contract with MRC effective October 1, 2006. The Company reported a reserve credit taken for business ceded to MRC of $9,698,226 and ceded premiums of $7,632,746 on December 31, 2006. The Company had a letter of credit from MRC as security for the reserve credit taken by the Company for 2006.

The letter of credit from MRC, an unauthorized reinsurer, was reviewed and determined to comply with the requirements of 18 Del. Admin. Code 1003 and the NAIC Accounting Practices and Procedures Manual, SSAP No. 61.

ACCOUNTS AND RECORDS

Pursuant to service agreements with affiliates, MLIC and MLG provide the services and personnel necessary for MTL to conduct its operations. The accounts and records reviewed during the examination included an evaluation of the Company's operational and organizational controls. The areas evaluated included computer and accounting systems, organizational structure, and the information processing structure. The Company's accounts and records are maintained in Long Island City, New York; Tampa, Florida; Morristown, New Jersey; and Warwick, Rhode Island. The Company utilizes MetLife's data center located in Rensselaer, New York, for processing, updating, and storing the primary records and the information system center in Scranton, Pennsylvania for the mainframe print and output-processing environment of the Company.

A high-level assessment of the internal control structure and process for the Company's accounting and computer systems was discussed with management and reviewed after completion of questionnaires developed by the NAIC and the Delaware Department of Insurance. The discussions and review did not reveal any material deficiencies in the Company's internal control structure.

An external accounting firm audits the statutory-basis financial statements of the Company annually. The Company's external accounting firm reviewed the internal control structure in order to establish the necessary audit procedures required to express an opinion on the December 31, 2006 financial statements. No significant or qualifying deficiencies were found to exist in the design or operation of the internal control structure. The Company's records are also subject to review by MetLife's's internal audit department.

Based on the examination review of the filed Annual Statement, observations and subsequent discussions with management, the accounting system and procedures generally conformed to insurance accounting practices and requirements.

FINANCIAL STATEMENTS

The following statements show the assets, liabilities, surplus and other funds of the Company, as determined by this examination, as of December 31, 2006:

Analysis of Assets
Liabilities, Surplus and Other Funds
Summary of Operations
Capital and Surplus Account
Analysis of Assets – Separate Accounts
Liabilities and Surplus – Separate Accounts
Analysis of Examination Changes

It should be noted that the various schedules and exhibits may not add to the totals shown due to rounding.

Analysis of Assets
December 31, 2006

	Ledger Assets	Non-admitted Assets	Net Admitted Assets	Notes
Bonds	$3,854,421,831		$3,854,421,831	
Stocks				
Preferred stocks	204,618,440		204,618,440	
Common stocks	7,130,343		7,130,343	
Mortgage Loans				
First liens	124,343,557		124,343,557	
Real Estate				
Held for production of income	277,913,123		277,913,123	
Cash	1,842,749,146		1,842,749,146	
Contract loans	358,382,438		358,382,438	
Other invested assets	82,082,213	$ 111,487	81,970,726	
Receivable for securities	2,135,166		2,135,166	
Aggregate write-ins for invested assets	233,746		233,746	
Total cash and invested assets	$6,754,010,003	$ 111,487	$6,753,898,516	1
Investment income due and accrued	$ 58,738,652		$ 58,738,652	
Uncollected premiums and agents' balances in the course of collection	8,796		8,796	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	183,878		183,878	
Reinsurance:				
Amounts recoverable from reinsurers	41,236,704		41,236,704	
Other amounts receivable under reinsurance contracts	1,323,823		1,323,823	
Guaranty funds receivable or on deposit	2,359,550		2,359,550	
Furniture and equipment	6,041,327	$6,041,327		
Receivable from parent, subsidiaries, and affiliates	261,932		261,932	
Aggregate write-ins for other than invested assets	271,209,357	519,778	270,689,579	
Total assets excluding separate accounts, Segregated Accounts, and Protected Cells	$7,135,374,022	$6,672,592	$7,128,701,430	
From Separate Accounts, Segregated Accounts, and Protected Cells	$ 133,297,584	$ _	133,297,584	2
Totals	$7,268,671,606	$6,672,592	$7,261,999,014	

Liabilities, Surplus and Other Funds
December 31, 2006

		Notes
Aggregate reserve for life policies and contracts	$3,576,957,913	3
Policy and contract claims: Life	13,954,451	
Premiums and annuity considerations received in advance	12,831	
Other amounts payable on reinsurance	49,239,026	
Interest maintenance reserve	6,123,830	
Commissions to agents due and accrued	(5,483)	
General expenses due or accrued	3,561,159	
Transfers to separate accounts due or accrued	(73,464)	
Taxes, licenses and fees due or accrued	34,324,960	
Federal income taxes due or accrued	1,005,266,387	
Net deferred tax liability	274,249,934	
Amounts withheld or retained by Company as agent or trustee	3,673,471	
Remittances and items not allocated	168,208	
Asset valuation reserve	40,828,681	
Reinsurance in unauthorized companies	21,544	
Payable to parent, subsidiaries and affiliates	11,941,327	
Payable for securities	3,690,748	
Aggregate write-ins for liabilities	1,061,933,129	
Total liabilities (excluding separate accounts statement)	$6,085,868,652	
From Separate Accounts Statement	133,297,584	
Total liabilities	$6,219,166,236	
Common capital stock	$ 2,500,000	
Gross paid in and contributed surplus	315,670,900	
Unassigned funds (surplus)	724,661,878	
Capital and surplus	$1,042,832,778	
Total	$7,261,999,014	

Summary of Operations
December 31, 2006

Income:	
Premiums and annuity considerations	$ 57,450,983
Net investment income	295,945,147
Amortization of interest maintenance reserve (IMR)	(1,237,807)
Income from fees associated with investment management, administration and contract guarantees from separate accounts	1,880,408
Aggregate write-ins for miscellaneous income	7,420,443
Total Income	$ 361,459,174
Expenses:	
Death benefits	$ 117,482,329
Matured endowments	600
Disability benefits and benefits under accident and health contracts	1,277,417
Surrender benefits and other fund withdrawals	200,645,010
Interest and adjustments on deposit or deposit-type contract funds	713,271
Increase in aggregate reserves for life and accident and health contracts	(114,239,374)
Commissions on premiums, annuity considerations, and deposit-type funds (direct business)	2,360,455
General insurance expenses	989,130
Insurance taxes, licenses and fees (excluding federal income taxes)	35,976,586
Increase in loading on and cost of collection in excess of loading on deferred and uncollected premiums	(20,648)
Net transfers to or (from) Separate Accounts	(7,293,524)
Aggregate write-ins for deductions	2,470,004
Total Expenses	$ 240,361,256
Net gain from operations before dividends to policyholders and federal income taxes	$ 121,097,918
Federal and foreign income taxes incurred (excluding tax on capital gains)	47,365,808
Net gain from operations after dividends to policyholders and federal income tax and before realized capital gains or (losses)	$ 73,732,110
Net realized capital gains or (losses) less capital gains tax of $994,974,035 (excluding taxes of ($2,674,432) transferred to the IMR)	2,713,031,257
Net Income	$2,786,763,367

Capital and Surplus Account
December 31, 2005 to December 31, 2006

		Notes
Capital and surplus, December 31, 2005	$ 690,348,511	
Net income	$2,786,763,367	
Change in net unrealized capital gains	510,529	
Change in net deferred income tax	(306,326,739)	
Change in non-admitted assets and related items	81,979,074	
Change in liability for reinsurance in unauthorized companies	112,177	
Change in asset valuation reserve	87,006,734	
Change in surplus as a result of reinsurance	2,439,125	
Dividends to stockholders	(2,300,000,000)	
Net change in capital and surplus for the year	$ 352,484,267	
Capital and surplus, December 31, 2006	$1,042,832,778	

Analysis of Assets – Separate Accounts

As of December 31, 2006

	General Account Basis	Fair Value Basis	Total
Common stocks	$	$133,297,584	$133,297,584
Preferred stocks			
Common stocks			
Cash and cash equivalents			
Short-term investments			
Other invested assets			
Investment income due and accrued			
Aggregate write-ins for other than invested assets:			
Due from general account			
Total	$	$133,297,584	$133,297,584

Liabilities and Surplus – Separate Accounts

As of December 31, 2006

	General Account Basis	Fair Value Basis	Total
Aggregate reserve for life, annuity and accident and health contracts	$	$133,224,121	$133,224,121
Charges for investment management, administration and contract guarantees due or accrued		1,295	1,295
Other transfers to general account due or accrued		72,168	72,168
Payable for securities			
Aggregate write-ins for liabilities:			
Due to general account			
Total	$	$133,297,584	$133,297,584

SCHEDULE OF EXAMINATION ADJUSTMENTS

No financial changes were made as a result of this examination.

NOTES TO FINANCIAL STATEMENTS

1. Invested Assets $6,753,898,516

The Company reported invested assets of $6,753,898,516. Bonds and mortgage-backed securities comprised approximately 57% of invested assets, while cash and short-term assets comprised approximately 27% of invested assets. Approximately 98% of all bonds and mortgage-backed securities reported in Schedules D – Part 1, DA – Part 1 and Schedule E - Part 2 were rated as Class 1 or Class 2 by the NAIC.

2. Separate Account Assets and Liabilities $133,297,584

The separate accounts held by the Company consisted of life insurance reserves of $133,024,823, miscellaneous reserves of $199,298 and other transfers and/or expenses of $73,463. Life contracts were comprised of variable universal life and variable annuity life insurance contracts. The assets of the separate accounts at December 31, 2006 were made up of mutual funds and were reported at market value.

3. Aggregate Reserve for Life Contracts $3,576,957,913

An independent review of aggregate reserves was performed by INS. As part of the actuarial examination, INS reviewed the Company's Actuarial Opinion Memorandum (AOM) and the asset adequacy testing (AAT) for the years 2004 through 2006, focusing most heavily on the 2006 AOM and AAT. The analysis is performed annually as required by the Actuarial Opinion and Memorandum Regulation (AOMR).

As of December 31, 2006, MTL's business consisted of variable life products, universal life (UL) insurance, traditional life insurance, deferred annuities and supplementary contracts. MTL cedes all deferred annuity and supplementary contract reserves to Metropolitan Life

Insurance Company. Except for a small number of UL policies that continue to be sold, MTL's business consists of closed blocks of business.

The review included a verification of the accuracy of the underlying data used to calculate reserves. Samples of randomly selected contracts from MTL's business segments were used to test the validity of valuation data. No exceptions were noted. Inclusion testing was also performed in order to ensure that valuation files were essentially complete. Based on the above analysis, INS concluded that the valuation data for life and annuity contracts were substantially free of any material error that would affect reserve calculations.

Reserves were reviewed for compliance with standard valuation laws, applicable National Association of Insurance Commissioner (NAIC) Actuarial Guidelines, and Model Regulations. Reserve trends (adjusted to account for the merger with two affiliates) and rollforward analyses were also performed and generally produced reasonable results. Reserves for sampled contracts were calculated in accordance with standard actuarial practice.

The aggregate reserve for life contracts is reported on Page 3, line 1 and Exhibit 5 of the December 31, 2006 Annual Statement. The reserve breakdown in Exhibit 5, by type of benefit, is as follows:

Reserve Segment	**Total Gross**	**Reinsurance Ceded**	**Total (Net)**
Life Insurance	$3,672,933,961	$146,258,534	$3,526,675,427
Annuities	346, 066,270	346,066,270	0
Supplementary Contracts	51,057,631	51,057,631	0
Accidental Death Benefits	60,088	0	60,088
Disability – Active Lives	69,789	2,226	67,563
Disability – Disabled Lives	49,511,408	5,790	49,505,618
Miscellaneous Reserves	649,217	0	649,217
Totals (Net)	$4,120,348,364	$543,390,451	$3,576,957,913

Further discussion and detail of each of the Exhibit 5 segments follows.

Life Insurance (Net) ……………………………………...…………$3,526,675,427

The Exhibit 5, life insurance reserves can be further broken down as follow:

Universal life	$3,466,402,058
Single premium whole life	122,523,619
Variable universal life	46,212,796
Corporate owned life	27,661,803
Indeterminate premium whole life	8,433,565
Variable life insurance	1,250,268
Term life	42,211
Other	407,641
Total (gross)	$3,672,933,961
Reinsurance ceded	146,258,534
Total (Net)	$3,526,675,427

Reserves for UL contracts were calculated using the Commissioners Reserve Valuation method and were in compliance with the Universal Life Insurance Model Regulation. Small numbers of UL contracts have been issued in recent years but UL sales are not currently emphasized in MTL. MTL's single premium life (SPL) business is comprised of single premium traditional whole life products. These contracts were issued in 1986 and 1987 only. It was noted that MTL calculates reserves for the SPL contracts using 160% of the statutory valuation mortality rates since they were issued with limited underwriting. However, it was concluded that the reserves for SPL contracts exceeded statutory minimums and adequately reflected the risks associated with the business.

Variable Universal Life (VUL) products consist of Flexible Premium Multi-funded Life Insurance (FPMLI) and Single Premium Multi-funded Life Insurance (SPMLI). FPMLI is a flexible premium VUL contract. SPMLI was marketed as a single premium VUL contract but uses the same policy form as the FPMLI product. The VUL contracts are a closed block of business with SPMLI last being issued in 1992 and SPMLI last being issued in 1988. MTL reserves in the general account for VUL contracts were equal to the fixed interest portion of the fund values. Based on a review of the policy form for this product, INS concluded that the product does not appear to contain unusual features that would cause minimum statutory reserves to exceed the account values. Corporate owned life insurance (COLI) is a relatively small block of group flexible premium UL contracts sold through employer-sponsored plans. The last year such contracts were issued was 1998.

The indeterminate premium whole life (IPWL) product is a whole life policy under which MTL can increase the premiums based on anticipated future experience. Maximum premiums that may be charged are specified in the contract.

Variable Life Insurance (VLI) products are similar to traditional whole life and require fixed premiums to be paid. VLI contracts also provide a Variable Insurance Amount (VIA) which is similar to paid-up additional insurance. Deviations of the investment performance from the assumed rate of return as indicated in the policy form result in increases or decreases in the amount of VIA.

Term life insurance contracts have low level gross premiums for the first four or seven years followed by high, annually increasing gross premiums. The initial level gross premiums are smaller than valuation net premiums used to calculate the reserves and generate deficiency reserves for some policies. INS reviewed the trend of both the basic and deficiency reserve for the period under examination and found the trends acceptable.

The remaining Exhibit 5 life insurance reserves (“Other” in the table above) are for paid-up policies and miscellaneous benefits associated with VLI contracts.

On all the above mentioned segments, INS performed a trend analysis of the reserve for the period under examination, and reasonable results were produced. Additionally, on the significant segments, an independent calculation of the reserve was performed and verified without exception.

Based on the above discussion and analysis, INS concluded that the Exhibit 5 life reserve appears fairly stated.

Annuities (Net) ....$ 0

The Exhibit 5, annuity reserves can be further broken down as follows:

Single premium deferred annuities	$180,303,138
Flexible premium deferred annuities	165,763,132
Total (gross)	$346,066,270
Reinsurance ceded	346,066,270
Total (Net)	$ 0

MTL's annuities consist entirely of a closed block of deferred annuities (DA) which is all ceded to Metropolitan Life Insurance Company. MTL's DA business is comprised of single premium and flexible premium products. This block was closed to new sales prior to the period under examination. Most policies are beyond the surrender charge period and the reserve and cash value are basically identical. MTL valuation runs and supporting workpapers for the annuity reserves were reviewed and found to be in order. Trend analyses were also performed and produced reasonable results over the examination period. Additionally, INS independently calculated CARVM reserves for the sampled contracts without exception.

Based on the above discussion and analysis, INS concluded that the Exhibit 5 annuity reserve appears fairly stated.

Supplementary contracts with life contingencies (Net) ....$ 0

This liability represents supplementary contracts in payout status which involve life contingencies. MTL reported gross reserves of $51,057,631 prior to reinsurance ceded. MTL cedes all of its supplementary contracts to Metropolitan Life Insurance Company.

A reserve trend analysis was performed and produced reasonable results. Reserve amounts in the annual statement were reconciled with the amounts obtained from the valuation extracts provided by MTL. No discrepancies were noted. Additionally, INS calculated the reserves for the sampled contracts and verified the reserves without exception.

Based on the above analysis, INS concluded that the Exhibit 5 supplementary contract reserve appears fairly stated.

Accidental death benefits (Net)..$60,088
Disability - Active lives (Net)..$67,563

These reserves support supplemental benefits provided under individual life insurance contracts. During the examination, INS performed a trend analysis of these supplemental benefit reserves and found the trends to be reasonable. Based on materiality, no further examination work was deemed necessary. INS concluded that the above Exhibit 5 supplemental benefit reserves were fairly stated.

Disability - Disabled lives (Net)..$49,505,618

The reserve is held for disabled lives under individual life insurance contracts with a waiver of premium or waiver of cost of insurance rider. The net reserve was $49,511,408 (gross) less $5,790 credit for reinsurance ceded. The gross reserve was comprised of $48,231,304 for UL business and $1,280,104 for ordinary life business. The gross reserve for UL business included an IBNR reserve equal to 20% of the base reserve.

INS reviewed the seriatim valuation listings supporting the $48.2 million UL segment. INS calculated the reserves for a sample of contracts and INS' calculations produced results which varied significantly from MTL's reserves but generally were lower. INS also discovered several situations where the reserve for the disabled lives exceeded the face amount of the contract and appears to be excessive. In the previous examination of MTL, adequate documentation for the calculation methodologies could not be provided. INS concluded that

MTL continues to use methodologies and assumptions that appear to be conservative and determines an IBNR reserve which appears to be more than adequate.

This reserve was reviewed for consistency with the corresponding reserves for year ends 2004 through 2006, and the trends appear reasonable and consistent. In addition, seriatim valuation listings for UL, VLI and FPMLI contracts supporting the disability - disabled lives were reviewed and appear reasonable. Based on the above discussion and analysis, INS concluded that the Exhibit 5 reserve for disability - disabled lives was fairly stated.

Miscellaneous reserves (Gross and net) $649,217

The Exhibit 5, miscellaneous reserves can be further broken down as follows:

GMDB reserves for variable life contracts	$589,901
Deficiency reserves for UL contracts	38,086
Deficiency reserves for variable life contracts	10,213
Deficiency reserves for term contracts	11,017
Total	$649,217

MTL workpapers supporting the above amounts were reviewed and found to be in order. Trend analyses were also performed and produced reasonable results.

MTL established a guaranteed minimum death benefit (GMDB) reserve for VLI contracts. This reserve is established for variable life contracts where insurance amounts change based on underlying fund performance. The reserve is maintained in the general account and provides for the contingency of death occurring when the actual death benefit exceeds the death benefit that would be paid in the absence of the guarantee. This reserve was calculated using the methods as outlined in the variable life insurance model regulation and Actuarial Guideline 37 and was in compliance with Delaware Insurance Regulation 1205. The GMDB reserve for VUL contracts is reported in the life reserve section of Exhibit 5.

The trend of the deficiency reserves was reviewed for the period under examination and found to be reasonable. Deficiency reserves for life contracts were minimal and not pursued further.

Based on the above analysis, INS concluded that the above Exhibit 5 miscellaneous reserves were fairly stated.

Reinsurance ceded $543,390,451

The following table shows a breakdown of the reinsurance ceded reserve credits taken by section within Exhibit 5 and by reinsurance type, as of December 31, 2006:

Reserve Segment	Coinsurance	YRT	Total
Life Insurance	$ 0	$146,258,534	$146,258,534
Annuities	346,066,270	0	346,066,270
Supplementary Contracts	51,057,631	0	51,057,631
Disability (Active and Disabled)	8,016	0	8,016
Totals (Net)	$397,131,917	$146,258,534	$543,390,451

MTL had reinsurance ceded treaties with fourteen reinsurance companies as of December 31, 2006. The reinsurance reserve credits were reviewed and appeared reasonable. The review indicated that the reinsurance agreements transfer risk and are in compliance with Delaware Insurance Regulation 1002.

INS reviewed the trend for the reinsurance credit from 2004 to 2006 and the trend appears reasonable. Based on the above analysis, INS concluded that the above Exhibit 5 reinsurance reserve credits were fairly stated.

L3 Liability for deposit-type contracts (Net) $0

This liability represents death benefits left on deposit in an interest bearing account with check writing privileges ($262,796,360) and supplemental contracts not involving life contingencies ($15,133,373). MTL cedes all of this liability to Metropolitan Life Insurance Company, and the net reserve is $0.

INS reconciled the gross liability amounts from valuation data files provided by MTL. INS also performed a trend analysis of the liability for the period under examination and found the results reasonable. Additionally, INS reviewed MTL's workpapers supporting this liability and found them to be in order.

Based on the above discussion and analyses, INS concluded that the liability for deposit-type contracts appears fairly stated. It has been accepted for the purpose of this report.

Contract claims: Life (Net) $13,954,451

This liability consists of claims in course of settlement (ICOS) in the amount of $18,289,965, less a reinsurance credit of $9,677,627, and a liability for incurred but unreported claims (IBNR) of $11,830,681, less a reinsurance credit of $6,488,568.

The trend for ICOS was reviewed for year ends 2004 through 2006 and appears reasonable. The ICOS liability is an inventory item which does not involve actuarial judgment. It was reviewed by the examiners and accepted as stated.

The IBNR liability was determined by applying factors (which reflect the net amount at risk and an assumed average time from the date claims are reported to the date the claims are paid) to death benefits paid in 2006. Both the methodology and resulting IBNR appear reasonable. The trend of the IBNR liability on a gross and net basis from 2004 through 2006 was reviewed and appears reasonable.

An analysis by INS of the amount of the IBNR liability in relation to the claims incurred in 2006 and the net amount at risk in effect at December 31, 2006 also supports the sufficiency of the IBNR liability. INS concluded that the IBNR liability for individual life insurance was sufficient, based on this analysis and a review of the MTL workpapers.

Based on the above discussion and analysis, INS concluded that the Contract claims: Life liability appears fairly stated. It has been accepted for the purpose of this report.

Conclusion

Based on the above discussions and analyses, INS concluded that the aggregate reserve for life contracts as reported on Page 3, Line 1 and in Exhibit 5 of MTL's December 31, 2006 Annual Statement appears fairly stated. Additionally, it was concluded that the Liability for Deposit type Contracts and Contract Claims: Life appears fairly stated. These have been accepted for purposes of this report.

COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The Company's compliance with prior examination recommendations was reviewed during the course of the examination of the applicable accounts. All prior examination recommendations were either directly or indirectly addressed in the current examination.

SUMMARY OF RECOMMENDATIONS

There were no examination recommendations.

CONCLUSION

As a result of this examination, the financial condition of the Company as of December 31, 2006 was determined to be as follows:

Admitted assets	$7,261,999,014
Liabilities	$6,219,166,236
Capital and surplus	1,042,832,778
Total	$7,261,999,014

Since the last examination as of December 31, 2003, total assets have increased $7,025,644,804. Liabilities have increased $6,041,870,040, and capital and surplus have increased $983,774,764 in the same period.

ACKNOWLEDGMENT

The cooperation and assistance rendered by the officers and employees of the Company during the course of the examination are hereby acknowledged.

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Don Hollier, CFE
Examiner in Charge
Department of Insurance
State of Delaware
Northeastern Zone, NAIC

SUBSEQUENT EVENTS

At December 31, 2006, the Company was committed to purchasing real estate property in connection with the sale of the Peter Cooper Village/Stuyvesant Town properties as part of an IRS 1031 Exchange. The Company acquired one parcel of real estate in 2006 and made five additional acquisitions in 2007. These additional properties accounted for the $785 million increase in real estate investment in 2007. As a result of the original Peter Cooper Village/Stuyvesant Town Properties sale, the Company had incurred a $3.728 billion pre-tax capital gain. To defer the capital gains tax, the Company participated in the above mentioned 1031 exchange, electing to defer $323 million of such taxes in 2006 and $288 million in 2007. Nonetheless, the capital gains tax incurred in 2007 was still approximately $993 million lower than in 2006.

In 2007, MetLife Reinsurance Company of Vermont (MRV) was formed as a special purpose financial captive and became a wholly owned subsidiary of the Company. MRV entered into two reinsurance agreements with MLIUSA, effective December 20 and December 31, 2007. Within one agreement, MRV agreed to assume an inforce block of business on a 90% coinsurance funds withheld basis. The other reinsurance agreement allowed MRV to assume two in force blocks of business consisting of universal life secondary guarantee risk written by General American Life Insurance Company (GALIC) and MLIUSA. Additionally, the Company made a capital contribution of $10 million to MRV in 2007.

The Company entered into a Global Services Agreement effective January 1, 2007 with MetLife Services and Solutions, LLC (MetLife Services), a Delaware limited liability company. This agreement provides for necessary services to conduct the Company's operations and to make available any of its facilities, infrastructure and equipment.

On August 20, 2007, the Insurance Commissioner for the State of Delaware inquired as to the total amount of asset-backed securities owned by the Company, specifically, the Company's exposure to residential and commercial backed securities and the amount of asset-backed securities collateralized by sub-prime mortgage loans. It was determined that the Company's exposure was $48,235,401 as of June 30, 2007 for sub-prime residential mortgage backed securities. This exposure represents approximately 0.90% of the Company’s total invested assets. At December 31, 2007, the exposure had decreased to $38,862,689, or approximately 0.68% of total invested assets.